

## Hibiscus Acquires Talisman's 25% Stake in Kitan Oil Field in JPDA 06-105

by Hibiscus Petroleum Berhad    Press Release    24 June 2014

Malaysia's Hibiscus Petroleum Berhad announced Monday that its wholly-owned subsidiary, Timor Hibiscus Limited, has executed a Share Sale Agreement for the acquisition of 100 percent of the shares in Talisman Resources (JPDA 06 105) Pty Ltd., a wholly-owned subsidiary of Toronto Stock Exchange and New York Exchange listed, Talisman Energy Inc. The assets of the company acquired include a 25 percent stake in the [Kitan producing oil field](#). Based on the current estimates, Hibiscus expects the Kitan oil field to contribute significant net cash to the company in the second half of 2014. At current oil prices, this will allow Hibiscus to book its first operating profit in 2014.

The purchase price for the acquisition is \$18 million. The purchase price is for the acquisition of 100 percent of the shares in the Talisman subsidiary, Talisman Resources (JPDA 06-105) Pty Limited and includes the value of the asset effective Jan. 1 together with the working capital within the company effective June 23.

Completion of the transaction is subject only to regulatory approvals. The acquisition is being funded using the equity capital raised through the conversion of Hibiscus warrants which are due for conversion by July 2014.

The Kitan field was discovered in 2008 and started production in 2011. Wood Mackenzie has estimated 17 million barrels of remaining reserves Jan. 1 (4.25 million barrels net to Hibiscus) and that the average production rate in 2014 is expected to be 10,000 barrels of oil per day (2,500 barrels of oil per day net to Hibiscus).

The Kitan oil field is currently being operated by Eni, the Italian integrated energy company. The field is in the Bonaparte Basin within the Australia-Timor Leste Joint Petroleum Development Area (JPDA) approximately 341 miles (550 kilometers) North East of Darwin, Australia. The field is developed by a subsea production system with three subsea wells tied back to the Glas Dowl Floating Production Storage Offloading Unit (FPSO). Eni owns a 40 percent stake in the asset while the remaining 35 percent is held by the Japanese oil and gas Exploration & Production (E&P) company, Inpex Corporation. A number of infill drilling and additional well tieback opportunities are under consideration.

Under the deal which was executed June 23, Hibiscus Petroleum will acquire Talisman's stake of the oil field with an effective date of Jan. 1 with all existing assets and liabilities as well as absorb the risk of well projects to be executed post-agreement, upon completion of the transaction.

"The acquisition of a producing asset represents a key milestone under Hibiscus Petroleum's portfolio balancing strategy. After evaluating many producing assets over the course of the past 3 years, we believe we have finally found a target that has a manageable risk profile with many areas of upside potential at a reasonable price. We also look forward to working with reputable international E&P companies as partners in extracting further value from this asset. We bid for this asset using certain base assumptions while taking into consideration potential value accretion from future development and infill drilling projects," said Dr Kenneth Pereira, Managing Director of Hibiscus Petroleum.